

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 088232

11

ORIGIN ARA-02

INFO OCT-01 IO-01 ISO-00 STR-01 /005 R

66624

DRAFTED BY: ARA/ECP:MDAVILA

AHPROVED BY: ARA/ECP:G. R. OLSEN

STR - B. STEINBOCK(SUBSTANCE)

----- 123627

R 302028Z APR 74

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

USMISSION GENEVA

LIMITED OFFICIAL USE STATE 088232

FOL CARACAS 3764 SENT SECSTATE APRIL 29, 1974 REPEATED TO YOU
QUOTE

LIMITED OFFICIAL USE CARACAS 3764

DEPARTMENT PASS ALL OTHER LATIN AMERICAN POSTS

FROM AMBASSADOR EBERLE

E.O. 11652: N/A

TAGS: BPOR, ETRD, OVIP (EBERLE)

SUBJECT: SUMMARY REPORT ON AMBASSADOR EBERLE'S VISIT TO URUGUAY

REF: MONTEVIDEO 1060

FOLLOWING IS THE SUMMARY OF RESULTS APRIL 23-24 VISIT TO URUGUAY
BY AMBASSADOR EBERLE AND HIS DELEGATION DRAFTED BY EMBASSY
MONTEVIDEO AND CLEARED BY DELEGATION.

1. SUMMARY. THE BRIEF VISIT TO URUGUAY OF AMBASSADOR WILLIAM D.
EBERLE AND HIS PARTY APRIL 23-24 MADE A NOTABLE IMPACT ON THE
LOCAL SCENE. A SHORT PRESS CONFERENCE SANDWICHED BETWEEN TWO
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 088232

MEETINGS PRODUCED A LARGE AMOUNT OF FAVORABLE PUBLICITY. THE

VISIT FEATURED THREE SUBSTANTIVE MEETINGS: A MEETING WITH TWELVE PROMINENT LOCAL BUSINESSMEN; A MEETING WITH THE PERMANENT EXECUTIVE COMMITTEE OF LAFTA (SEE SEPTTEL); AND A WORKING DINNER HELD AT THE EMBASSY RESIDENCE WITH EIGHT SENIOR OFFICIALS OF THE GOU, INCLUDING THE ACTING FONMIN. FOLLOWING ARE DRAFT SUMMARIES CONTAINING THE MAIN POINTS MADE IN THOSE MEETINGS.

2. MEETING WITH BUSINESSMEN. AMBASSADOR SIRACUSA, AMBASSADOR EBERLE AND MESSRS. SZABO AND FOX OUTLINED THE PURPOSES OF THE TRIP, RELATING IT TO SECRETARY KISSINGER'S NEW DIALOGUE, TO THE TRA, GSP AND THE MTN. BUSINESSMAN POINTED OUT URUGUAY'S TWO INDUSTRIES MOST CAPABLE TO TAKING ADVANTAGE OF GSP WOULD BE TEXTILES AND LEATHER, AFFECTED BY THE EXCLUSION FROM GSP OF TEXTILES AND SHOES; NEED FOR CERTAIN EXCLUSIONS WAS EXPLAINED. BUSINESSMEN CLAIMED RECENT SALE OF ONE THOUSAND CUBIC METERS OF URUGUAYAN GRANITE TO BUILD A COURT HOUSE IN NEW YORK CITY HAD BEEN BLOCKED BY PROHIBITION AGAINST USING FOREIGN GRANITE FOR GOVERNMENT CONSTRUCTIONS. FOX POINTED OUT USG LACKS CONTROL OVER PROCUREMENT POLICIES IN U.S. STATES AND CITIES, BUT HE PROMISED TO LOOK INTO THIS NEW YORK SITUATION ON HIS RETURN TO U.S. BUSINESSMAN DESCRIBED URUGUAY AS A PANTRY OF MUCH OF THE WORLD IN THE NEAR FUTURE, ASKED WHETHER U.S. COULD NOT PROMOTE SALES OF URUGUAYAN BEEF IN THIRD COUNTRIES, EXPLAINED URUGUAYAN NEEDS FOR CAPITAL, KNOW-HOW AND DISTRIBUTION SYSTEM IN BUYERS MARKET AND SAID APICUE (ASSOCIATION FOR THE INTENSIFICATION OF URUGUAY-UNITED STATES TRADE) WILL TRY TO DEVELOP SCHEME FOR VERTICAL INTEGRATION OF FOOD PROCESSING INDUSTRY HERE WHICH COULD INTEREST U.S. CAPITAL. FOX SAID HE WOULD LOOK INTO ANY SCHEME APICUE DEVELOPS, ONCE SUBMITTED VIA EMBASSY TO COMMERCE DEPARTMENT AND WILL PUBLICIZE AMONG INTERESTED U.S. BUSINESSES. IN ADDITION, HE PROMISED TO CALL MATTER TO ATTENTION OF DOD REGARDING OFF-SHORE PURCHASE OF MEAT FOR U.S. MILITARY USE. BUSINESSMEN ASKED ABOUT ATTITUDE IN U.S. NOW TOWARD INVESTMENT IN A COUNTRY LIKE URUGUAY. SZABO AND FOX EXPLAINED VERY UNEVEN INVESTMENT CLIMATES IN LATIN AMERICAN COUNTRIES BUT STATED MAJOR U.S. FIRMS ARE ALWAYS ON LOOKOUT FOR INVESTMENT OPPORTUNITIES, AND IF URUGUAYAN STABILIZATION BECOMES EVIDENT, INTEREST ON PART OF U.S. FIRMS COULD BE EXPECTED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 088232

3. WORKING DINNER. AT THE AMBASSADOR'S WORKING DINNER, AMBASSADOR SIRACUSA GREETED THE GUESTS AND INTRODUCED AMBASSADOR EBERLE, WHO DESCRIBED THE TRA AND GSP AND U.S. POLICY IN THE MTN. THE GOU RESPONSE TO AMBASSADOR EBERLE'S EXPOSITION WAS GIVEN BY AMBASSADOR MAGARINOS, DIRECTOR OF THE ECONOMIC AND COMMERCIAL DEPARTMENT AT THE FONOFF. HE EXPRESSED THANKS FOR THE EBERLE PARTZ'S CONSULTATION WITH THE GOU AND APPRECIATION OF THE IMPORTANCE OF TRA TO U.S. AND TO ALL OF WORLD

TRADE. GOU IS INTERESTED IN USG FLEXIBILITY IN APPLYING TRADE LAWS AND REGULATIONS. FOR EXAMPLE, THE GENERAL APPLICATION OF COUNTERVAILING DUTIES TO SOLVE A PARTICULAR U.S. INTERNAL PROBLEM HAS UNEQUAL EFFECTS ABROAD. POTENTIAL EXPORT VOLUME FROM A COUNTRY LIKE URUGUAY COULD HARDLY AFFECT U.S. MARKET. WHILE BRAZIL EXPORTS \$90 MILLION IN SHOES TO U.S., IT IS ALMOST IMPOSSIBLE FOR A COUNTRY LIKE URUGUAY TO ACHIEVE A COMPETITIVE POSITION IN MANUFACTURED PRODUCTS WITHOUT AN EXPORT SUBSIDY POLICY. INTERNATIONAL AGREEMENT IS NEEDED ON DEFINING WHAT MIGHT BE UNACCEPTABLE SUBSIDIES. GOU IS WILLING TO DISCUSS THIS ISSUE TO SEEK ACCEPTABLE RULES. U.S. SIDE CLARIFIED MAGARINOS' MISUNDERSTANDING ON OUR COUNTERVAILING DUTY LAW AND EXPLAINED TRA PROVISION ALLOWING FOR POSSIBILITY OF NEGOTIATING INTERNATIONAL RULES ON EXPORT SUBSIDIES.

4. IF TRA IS PASSED, MTN BECOMES POSSIBLE. IT IS IMPORTANT TO URUGUAY TO MTN BE REALLY MULTILATERAL, UNLIKE THE KENNEDY ROUND, WHEN INDUSTRIALIZED COUNTRIES REACHED AGREEMENTS WITHOUT CONSULTATION WITH LDC'S. A SECOND IMPORTANT PRINCIPLE IS THAT MTN SHOULD NOT CUT INTO THE MARGINS PROVIDED TO LDC'S BY GSP. MOST IMPORTANT ITEMS (MENTIONED DURING COCKTAIL DISCUSSIONS) FOR MFN OR GSP CUTS ARE WOOL TOPS, TEXTILES AND CERTAIN LEATHER GOODS.

5. GOU IS CONCERNED ABOUT COMPLICATED SAFEGUARD CLAUSES IN GSL WHICH APPEAR OF MORE BENEFIT TO SOME COUNTRIES THAN TO OTHERS. WHAT ABOUT DIFFERENT SET OF SAFEGUARDS FOR LDC' ? THE GSP LIMITS OF \$25 MILLION YEARLY OR 50 PCT OF IMPORTS OF A PRODUCT MIGHT WELL BE LIBERALIZED BY COMBINING THEM; I.E., INSTEAD OF \$25 MILLION OR 50 PCT. \$25 MILLION AND 50 PCT AS THE CUT-OFF FIGURE FOR GSP ON A COUNTRY'S EXPORTS TO THE U.S. OF A SPECIFIC PRODUCT. GOU AGREES WITH U.S. AIM TO RAISE AGRICULTURAL PRODUCTION BUT QUESTIONS AMBASSADOR EBERLE'S ASSUMPTION THAT AGRICULTURAL TRADE WILL LIKEWISE INCREASE. WHEN DEVELOPED COUNTRIES RAISE THEIR AGRICULTURAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 088232

PPRODUCTION, THEY TEND TO RAISE TRADE BARRIERS. URUGUAY WOULD HAVE FEWER ECONOMIC PROBLEMS IF THE EEC HAD NOT INCREASED ITS MEAT PRODUCTION. RAISING AGRICULTURAL PRODUCTION WORLDWIDE DOES NOT NECESSARILY MEAN AN INCREASE IN WORLD TRADE.

6. THE OIL CRISIS HAS RAISED URUGUAYAN IMPORT COSTS. OTHER RAW MATERIALS ALSO COST URUGUAY MORE, WHILE URUGUAY'S OWN RAW-MATERIAL EXPORTS SUFFER PRICE DROPS. INTERNATIONAL EFFORTS ARE NEEDED TO HELP LDC'S LIKE URUGUAY WHICH NEED IMPORTS BUT TEND TO BE LEFT OUT OF SUPPLY ALLOCATIONS IN TIMES OF SCARCITY BECAUSE THEY BUY SMALL QUANTITIES. BRAZIL AND ARGENTINA ARE TRYING TO HELP URUGUAY, AND THE U.S. MAY ALSO EASE URUGUAY'S ACCESS TO ESSENTIAL SUPPLIES.

7. COULD THE U.S. MARKET BE MORE ACCESSIBLE TO URUGUAYAN MEAT? DESPITE URUGUAYAN EFFORTS TO IMPROVE MEAT PROCESSING TO MEET U.S. REQUIREMENTS, URUGUAY WOULD LIKE TO DISCUSS POSSIBILITIES OF EXPORTING FROZEN AND CHILLED BEEF.

8. GOU FEARS USG AIMS TO PROVIDE EQUAL ACCESS TO U.S. MARKET MJY
GIVE UNINTENDED ADVANTAGE TO MORE DEVELOPED LDC'S WITH PRODUCTION MORE DIVERSE AND OF HIGHER VOLUME SO ARGENTINA, BRAZIL AND MEXICO HAVE MORE OPTIONS THAN SMALLER LA COUNTRIES. WITHOUT NECESSARILY ESTABLISHING PREFERENCES WITHIN PREFERENCES, SHOULDN'T USG PREFERENCE LISTS BE WEIGHTED SOMEHOW IN FAVOR OF LESS DEVELOPED LDC' ?

9. SINCE U.S. IS UNLIKELY TO HAVE A TRADE PROBLEM WITH LITTLE URUGUAY, GOU SEES USG NEGOTIATING WITH MEXICO, BRAZIL AND ARGENTINA AND THUS STRENGTHENING POLITICAL AND ECONOMIC RELATIONS WITH THEM. MAGARINOS FRANKLY THINKS SECRETARY KISSINGER TENDS TO CONCENTRATE HIS LA NEGOTIATIONS ON THE MOST IMPORTANT LA COUNTRIES. GOU HOPES TO BE INCLUDED IN ALL MULTILATERAL CONSULTATIONS BETWEEN U.S. AND LA.

10. GOU REGARDS U.S. EMBASSY HERE AS ITS PERMANENT CHANNEL OF COMMUNICATIONS WITH U.S. AUTHORITIES ON TRADE MATTERS.

11. AMBASSADOR EZERLE SAID HE WAS ENCOURAGED BY GOU POSITIONS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 088232

AND OFFERED REASSURANCES OVER SOME CONCERNS EXPRESSED. PROPOSED GSP LIMITATIONS OF \$25 MILLION OR HALF OF U.S. IMPORT MARKET TO BE APPLIED TO INDIVIDUAL COUNTRIES, WOULD SERVE TO PREVENT ANY LARGER COUNTRY FROM USING GSP TO DOMINATE U.S. IMPORT MARKET. AS FOR COUNTERVEILING DUTIES, AMB. EBERLE CLARIFIED AMB. MAGARINOS MISCONCEPTION THAT U.S. COUNTERVAILING DUTIES WERE APPLIED TO SOLVE PARTICULAR IMPORT PROBLEMS AND HAD GENERAL NOT SPECIFIC APPLICATION. THEY APPLY ONLY ON A SPECIFIC PRODUCT COMING FROM A SPECIFIC COUNTRY AGAINST WHICH A COMPLAINT IS MADE. USG WANTS TO OPEN U.S. MARKET WITH
E E E E E E E

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, EXPORTS, TEXTILES, TRADE VISITS, MEETINGS, MEETING REPORTS, EXPORT SUBSIDIES, COUNTERVAILING DUTIES, MEATS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE088232
Document Source: CORE
Document Unique ID: 00
Drafter: ARA/ECP:MDAVILA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740104-0019
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974042/aaaaaawl.tel
Line Count: 205
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: MONTEVIDEO 1060
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 18 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2002 by rowelle0>; APPROVED <26 MAR 2003 by BoyleJA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUMMARY REPORT ON AMBASSADOR EBERLE'S VISIT TO URUGUAY
TAGS: BPRO, ETRD, OVIP, UY, US, (EBERLE, WILLIAM)
To: ALL POSTS GENEVA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005